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RECENT EVENTS AND TRENDS IN CHINA

The following report, forwarded by the OSS representative in Kunming, was written by a well informed and generally reliable (non-OSS) American observer who has lived for a long time in China:

During the past few months a series of military and political events in China have shaken the Chungking regime to its foundations. The Honan campaign, a series of Chinese military defeats in April and May 1944, involved such administrative inefficiency and corruption that the peasants turned against their own soldiers. The Hunan campaign, which followed immediately, was characterized by a paralyzing conflict in military authority, as well as by effective Japanese use of Chinese Fifth Columnists, and further stimulated a separatist movement among military and political leaders in the Southeast. At the same time the Communist problem remained menacing. Russian military progress in Europe suggested to the Central Government that, should Russia fight Japan, she would do so in cooperation with the Chinese Communists now in control of the vital area of North China. The Central Government began negotiations toward a compromise, but the Communists, realizing their greater bargaining power, amplified their demands, asking for a much greater military establishment than they had previously requested, and for complete democratization and liberalization of the present government. These events took place against a background of inflation, a hated conscription system, the tax in kind, and other domestic problems, and combined to precipitate a wave of bitter internal criticism, not only among Chinese intellectuals but within the Kuomintang itself. With the war in the Far East approaching the stage for critical fighting on the Asiatic mainland, the political position of the Kuomintang now depends upon its ability to solve the problems of administrative inefficiency and military disorganization and make an agreement with the Communists which can mobilize Free China's total fighting power for creditable action against the Japanese.

The Honan Campaign

In the Honan campaign, a Japanese striking force which at no time numbered more than 100,000 men utterly destroyed a number of Chinese troops thought to be more than five times as large. The campaign was a series of military disasters: defensible passes left undefended, the commander in chief absent from his command at the moment of greatest urgency, many officers panic-stricken, incompetent and outmaneuvered, the troops underfed and undernourished.

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The great political fact of the campaign was that the Chinese peasantry turned on their own army and fought against it on the side of the invader. The peasants had a terrible hatred for the army. During last year's famine in Honan, rapacious army officials exacted the grain tax and forced labor with complete disregard for the desperate condition of the starving peasants. This treatment of the farming population had continued for two years when the Japanese struck.

Moreover, in Honan no decent man would join the army who could buy his way out. The usual price of draft exemption was 13,000 Chinese dollars, and anyone who could afford it would buy a substitute or pay the draft officials. Thus the army drew largely upon the most depressed economic levels, and lacked the strength of an army recruited from all classes of the population.

At the beginning of the campaign, 500 of the 700 trucks at the disposal of the 1st War Zone Command reportedly were taken by army officers and civilian officials for the evacuation of their commercial belongings, their household goods, and families. To meet the Army's transport needs, the local government commandeered oxen and ox-carts vitally needed by the peasantry. As the Japanese drove into the countryside and Tang En-po's army disintegrated, the infuriated peasants began to disarm individual soldiers one by one, then ganged up in roving bands looking for small troop units, and finally were disarming 500 soldiers at a time. 50,000 rifles are estimated to have been seized from the Chinese soldiery by the peasants. Despite two anti-Chungking peasant slogans — "Better the soldiers of Japan than the soldiers of Tang En-po", and "Honnan has two sorrows — the Yellow River and Tang En-po" — they were not pro-Japanese nor were they in organized revolt. The Honan campaign simply demonstrated that administrative inefficiency might result in basic disaster to the regime.

The Hunan Campaign

Soon afterwards came the Hunan campaign. In the face of the power the Japanese massed against the city perhaps Changsha could never have been held. But the defense of the city itself was foredoomed to failure by a dispute between the general commanding the artillery — reported to be 67 pieces, the bulk of General Hsueh Yueh's guns — and the general commanding the infantry. Communications were so disrupted in the campaign that Hsueh Yueh, the commander in chief, could not be reached by phone or telegram to adjudicate. This was followed by a series of disagreements on campaign strategy between Hsueh Yueh and the Chungking Military Council. Decisions all the way down from Changsha to Hengyang were made and countermanded.

Politically this campaign was accompanied by two major developments. The first was the intensive use by the Japanese of roving bands of Chinese fifth columnists paid at the rate of 3500 Chinese dollars a day — men armed with grenades and tommy guns, who knew the terrain

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perfectly. Second and more important, the campaign stimulated into open activity a southern separatist movement, led by Marshal Li Chi-shen. Most of the Kwangtung and Kwangsi generals had been very cool to the Central Government for a long time and had been plotting against it. When the success of the Japanese campaign to open the Canton-Hankow corridor seemed imminent, they began to rush plans for their complete separation from the Central Government and the establishment of an independent military and political council in the South.

Fear of Russia

The military progress of the Russians in Europe has suggested to Chungking leaders a sequence of ideas which they find disquieting: When the war in Europe ends, Russia may move across the border of Manchuria or even north China to strike the Japanese. The Russians might make local agreements with the Chinese Communists, who have undisputed power in large areas adjacent to Japanese-occupied territory. A direct understanding between Russia and the Chinese Communists could mean that north China and Manchuria, the most important and most industrialized provinces, would be controlled by a powerful, well-equipped Communist army after they had been liberated from the Japanese.

The Kuomintang has gambled on being able to preserve the status quo until America breaks Japan's blockade. Then with American supplies pouring in from the South and the Japanese being driven back, Central Government troops, the Kuomintang hoped, could drive out the Communist guerrillas along with the Japanese. However, should Russia come in to support the Communists before US aid arrives, or should separatist movements split off from the government and force the US to make local agreements with warlords along the seaboard, the odds would be overwhelmingly against the success of the Kuomintang gamble.

Therefore it has become increasingly necessary for the Central Government to solve all these problems immediately. Within the next two or three months some agreement must be arrived at with the Soviet Union so that any collaboration in the Orient is a collaboration with the Central Government and not the Chinese Communists. During the past few weeks, the rigidly controlled press has published many laudatory articles about the Soviets and their successes. There is also talk of sending a goodwill mission to Moscow, perhaps headed by T. V. Soong. Moreover, Sheng Shih-tsai, whom the Russians reportedly dislike, has recently been removed as governor of the border state of Sinkiang.

The Communist Problem

However, the only real way Sino-Soviet relations can be improved is through solution of the Communist problem, and the Chungking Government has at last realized that it must settle the question once and for all. But the Communists, aware that the Central Government urgently needs a quick settlement, have made their price far higher than before.

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The military and political power of the Communists in relation to the Kuomintang is rapidly rising. When the Kuomintang blockaded the Communists in 1939, the Government believed that they could be crushed economically. During 1940 and 1941 the Communists were in great difficulties, but they succeeded in reorganizing the life of the areas they controlled, stressing complete self-sufficiency. They found that by raising agricultural and industrial production they could almost dispense with Central Government supplies. Except for some medicines and munitions, all necessities could be made locally. The journalists returning from Yen-an report that the standard of living — food, clothing, etc. — is actually higher in the Communist areas than in adjacent Government areas. This self-sufficiency has permitted the stiffening of the Communist attitude.

Meanwhile, the Communists are attempting to prove to all Americans in China that only a truly democratic government can meet China's future needs, that they are democratic, and that they look to America as much as to Russia for future friendship and guidance. The Communists realize their own growing strength, the weakening of the Kuomintang, and the Kuomintang's fear of Russian support for the Chinese Communists. The government has offered the Communists arms and supplies for ten divisions, lifting of the blockade, and recognition of their border government about Yen-an. While these demands might have served to satisfy the Communists in 1941, they are not enough for the far more vigorous Chinese Communist Party of 1944.

The Communist counter-demands are divisible into three general groups. First are strictly military demands: lifting of the blockade; Central Government maintenance of sixteen divisions, and permission for the Communists to keep additional troops under arms; supply of medicines and munitions, including a share in all arms given to the Central Government by other allies. The political demands include freedom of speech, the press, and the individual; freedom from unwarranted arrest; release of political prisoners; legalization of all political parties; and early institution of democracy. The third and final demand is the recognition by Chungking of local self-governments behind the lines. Actually these self-governments erected by the Communists stretch from Shensi and Shansi all the way through Hopei, Shantung, north Kiangsu, and Honan to Hupeh. They include undergrounds in such cities as Tientsin, Peking, Taiyuan, and Hankow. Should the Chungking regime meet this demand, it would yield not only the Yellow River Valley but also the Central Yangtze Valley. Possibly the Communists stress this demand merely for bargaining purposes.

Crisis Within the Kuomintang

These developments have transpired against the background of ordinary Chinese life in wartime: inflation, the conscription system which the peasants hate for its corruption and cruelty, and the tax in kind. The result has been waves of unprecedentedly bitter internal criticism, not

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only from the intellectuals and the university professors but also from within the Kuomintang.

The Kuomintang has certain great assets right now. It has American support, a record of opposition to the Japanese invasion, the symbolic personality of Chiang Kai-shek, a monopoly on the technical, engineering, and industrial personnel of the country. If these assets were backed by party unity and clean administration they would be sufficient to support the Kuomintang in open competition with the Communists. But an internal struggle for power is now going on, and there are actually two Kuomintangs: one a coalition led by Sun Fo which ranges from extreme left-wing liberals to Shanghai businessmen, and which seeks a thorough overhaul of government; the other the reactionary nationalist "CC" clique led by the Chen brothers.

Today this struggle within the Party focuses on the Generalissimo. The Generalissimo must either clean out his party and government or go down with it. It is not enough to say that he is too busy, or that he is the captive of the machine. He must either change it or bear its responsibility.

The two wings of the Kuomintang cannot see eye to eye on the Communists. Both would agree to grant the Communists part if not all of their military demands for the sake of settling the Russian problem. But they split on the political demands. The Kuomintang liberals want civil liberties and honesty and efficiency in the government as much as the Communists do. The liberals argue that basic governmental decency — correcting the abuses of the grain tax, conscription, and proper supply of the army — is necessary for its own sake, and for the sake of gaining international approval. Moreover, they know that if they accede to a free press and free Communist propaganda the only way they can remain in control of China is through offering the people good government. On the other side, the group now controlling the Kuomintang wants nothing that will shake its grip on the machine.

It is still too early to surmise what would happen if a reorganization of the Kuomintang and the government could be effected. Such a reorganized Kuomintang could come to an agreement with the Communists on both political and military issues. No Kuomintang can come to agreement with the Communist Party on the basis of recognition of their regional self-governments all through China without cutting its own throat, and no Kuomintang member of the opposition, not even Sun Fo, would go that far. But with a purged Kuomintang, the Communists might forego that demand and make a conclusive agreement, and there could be a rebirth of both the Chinese war effort and the Chinese people.

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